

~~SECRET~~

25X1

The Director of Central Intelligence  
Washington, D.C. 20505

National Intelligence Council

NIC 01069-87  
10 March 1987

MEMORANDUM FOR: Acting Director of Central Intelligence

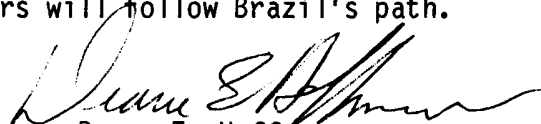
FROM: Deane E. Hoffmann  
National Intelligence Officer for Economics

SUBJECT: Meeting with PFIAB on Brazil on 11 March at 1030

1. The attached materials provide background for your meeting; they are intended to supplement the talking points provided by the DDI and the background paper on Third World debt prepared for Judge Webster by OGI.

2. You might wish to add the following key points to your presentation.

- There is a new weariness of servicing debt among the Latin debtors and creditor banks which is reflected in Brazil's radical stance.
- In the past, debt moratoria were aimed at getting the attention of creditors to obtain more funds or better terms. The Brazilian moratorium may, however, be a strong statement that it is unwilling under any circumstances to continue servicing the debt fully.
- Unless the Brazilian affair is handled skillfully, we may need to undertake a significant rescue operation of some banks, given the likelihood that others will follow Brazil's path.

  
Deane E. Hoffmann

Attachments:

- A. Roots of the Debt Problem
- B. Graph on Mexico: Real Interest Rate on External Debt
- C. NIC Production on Debt
- D. Brazil: Outlook for Debt: Concept/TORS of Fast-Track SNIE 93-87
- E. Cooperation on Third World Debt Unraveling: Threat Outlook, 11 Feb 87
- F. Brazil's Economic Problems Worsening: Threat Outlook, 17 Dec 86
- G. Economic Problems in Brazil: Threat Outlook. 24 Sep 86

I. Latin America: Grappling With the Debt: Key Judgments of NIE 80/90/3-85

25X1

~~SECRET~~

25X1